

GHCL to acquire Romanian firm for Rs 100 crore

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AFTER acquiring a soda ash company in Romania last year, the Sanjay Dalmia-promoted Gujarat Heavy Chemicals (GHCL) is close to buying another Romanian firm for an estimated Rs 100 crore. The move could help consolidate its position as a leading player in the soda ash sector and as one of the major suppliers of raw material for the growing detergent market.

According to sources close to the development, GHCL is in the final round of negotiations to buy the Romanian company with an annual capacity of 4,00,000 tonnes of soda ash. The buy will rev up GHCL's total annual capacity to about 2 million tonnes and will make it one of the largest soda ash companies in East Europe. "The acquisition can happen any time... GHCL will take a majority stake in the company," the sources said.

GHCL's interest in Romania stems out of the fact that the country is one of the strategic routes to enter the fast-growing economies of east and central European countries. "Also, such acquisitions are cheaper than buying a similar-sized unit in India," the sources said, adding that high reserves of limestone and lignite in the region would further facilitate soda ash production.

In December '05, the Ahmedabad-based GHCL had bought a 65% equity stake in Romania's Bega Upsom for Rs 90 crore. GHCL is scheduled to make a public offer to purchase the re-

maining 35%. It has already initiated a de-bottlenecking process in the Bega Upsom facility that has a capacity of 300,000 tonnes.

If the latest acquisition goes through, GHCL's soda ash capacity in Romania would rise to 7,00,000 tonnes and overall to 1.8 million tonnes by '08. At present, the company is almost doubling its capacity in Gujarat from 6,00,000 tonne to 1,100,000 tonne per annum. Soda ash is used in the making of float glass, soap, dyes and textiles.



Of late, GHCL has been on an acquisition spree expanding its home textiles and soda ash businesses. In June this year, GHCL acquired Rosebys, UK's largest home textile retail chain for \$40m. It had earlier bought out Dan River, a leading player in the US textile market, with a turnover of \$250m in home textiles. GHCL is now restructuring its business operations and has plans to sell off its non-core concerns that include interests in the IT sector. It has appointed Edelweiss Capital to "evaluate the various models for restructuring of the core businesses of soda ash and home textiles keeping in mind the future growth plans". GHCL shares rose 2.7% to Rs 182.8 on the BSE on Thursday.